



August 20, 2007

Boards of Assessors
City Auditors and Town Accountants

Copy: Mayors and Selectmen

Attached is the DOR package of forms and instructions for FY2008 tax rate and *pro forma* recapitulations. The package includes Excel workbooks for downloading to simplify the tax rate setting process with calculations from a minimum amount of data fields. The materials require use of Microsoft Office 97 - Excel version or greater.

We stress the following items in preparation of the tax rate and pro forma recap for FY2008:

Local Aid

Cherry Sheet distributions and assessments have been posted on the DLS website. These are the amounts which must be included in the appropriate lines on page 2 of the recap. Please be reminded that no amount has been included on the FY2008 Cherry Sheet for school building assistance.

Massachusetts School Building Authority

For FY2008, enter reimbursements from this Authority on page 2, Part IIIa, line 2 of the Tax Rate or Pro Forma Recap. Included with the FY2008 Recap package is a Worksheet that will assist you in entering the proper estimate.

Tax Classification

Chapter 3 of the Acts of 2004 (Chapter 3) expanded the parameters of tax levy shifts allowed under classification for FY2004 to FY2007. It also established new parameters for FY2008 and subsequent years for those communities that used its provisions to shift a great amount than would have been allowed under G.L. c. 58, §1A for any of those years. For FY08, the maximum share of the levy paid by business property in Chapter 3 communities is 175% of its fair cash value share, provided that residential property pays at least 50% of its fair cash value share, or the percentage it paid in FY2007, whichever is greater. See IGR 07-401.

Debt Exclusions and a de minimus Rule

M.G.L. Chapter 44 §20 as amended by Chapter 46 §33 of the Acts of 2003 allows additions to the levy limit to be restricted to the true interest cost incurred to finance the excluded project; the premium amount received at the time of sale must offset the stated interest cost in computing the debt exclusion. See Bureau of Accounts Bulletin 2003-20B for more details.

Premiums received on the sale of bonds or notes for a project for which a debt exclusion has been voted, may be used in one fiscal year in full to reduce the debt exclusion and may be used as a miscellaneous non-recurring estimated receipt in that fiscal year if the amount of the premium received is less than \$2,500 or a balance as of June 30, 2007 is less than \$2,500. If this premium is determined after the FY2008 Tax Rate or Pro Forma Recap is certified, the amount must be reserved and may be applied in FY2009. An amount of \$2,500 or greater must be treated as defined in the Bulletin.

Supplemental Tax Assessment on New Construction

M.G.L. Chapter 59 §2D as amended by Chapter 46 §41 of the Acts of 2003 requires the billing of a pro rata tax on new construction if an occupancy permit has been issued in every community unless it is rejected. The impact of this change, if any, is reflected in miscellaneous non-recurring estimated receipts on page 3 of the recap. See IGR 03-209 for details.

Community Preservation Act

A city or town imposing the CPA surcharge for the first time must submit the CPA Surcharge Estimate Worksheet found in the FY2008 Recap and Pro Forma Instruction Book.

DOR “Gateway” Project

The Division of Local Services (DLS) “Gateway” is an online process for submission of tax rate, assessment, Schedule A and other municipal financial data for formal review by certain Bureaus within the Division. Local users will be allowed to sign on, check errors, run analytical reports, digitally sign, formally submit and check the status of this data in real time.

“Gateway” is being pilot-tested in FY2008. Except for pilot communities, the appearance and submission of tax rate and other municipal financial data to DLS will be as usual. If you have any questions on “Gateway” or would like to become a pilot community, please contact Dave Davies at 617-626-2383.

Auto E-Mail for Tax Rate Approval

Once again this fiscal year, all city and town Tax Rate and/or Pro Forma Recap approval letters by the Bureau of Accounts will be E-mailed to Assessors immediately upon approval. Assessors are advised to check their E-mail account on the Division of Local Services' website (Local Officials Directory) for their correct address. If the address is incorrect, your city or town Clerk has been given a password to change the address. If your city or town does not have an E-mail address, notification will continue as in the past.

In addition, an electronically signed copy of the FY2008 Tax Rate and/or Pro Forma Recap will be placed on the Division's website on the same day the E-mail approval notification is sent after the form has been approved by the Bureau of Accounts.

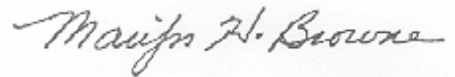
Ordinarily, the LA-4 and LA-13 forms are sent to the Bureau of Local Assessment in Boston, and the recap and supporting schedules to the Bureau of Accounts field representative in Boston, Springfield or Worcester. Please review the FY2008 Recap Reminders in the User Guide regarding submission by E-mail.

Your Bureau of Accounts and Bureau of Local Assessment field representatives are ready to assist city, town and district officials in this important process. If you have any questions, please do not hesitate to contact them.

Sincerely,



Gerard D. Perry
Director of Accounts



Marilyn H. Browne, Chief
Bureau of Local Assessment